

LNF & IHCIF Calculations Illustration **- RAPID CITY in Aberdeen area -**

Given Data

- 11,783 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 31% = % Expenditures on purchased services, 69% = % expenditures in-house
- 98.4% = Cost index for purchasing health care in this geographic area
- 100.3% = Size cost index for in-house costs due to small or large size
- 108.7% = Aberdeen area cost index for health status above or below average

Cost Adjustment Calculations

- \$902 per person for purchased services = $31\% * 98.4\% * \$2,980$
- \$2,070 per person for in-house services = $69\% * 100.3\% * \$2,980$
- \$2,972 per person total = \$902 (purchase) + \$2,070 (in-house)
- **\$3,231 per person total** adjusted for health status = $\$2,972 * 108.7\%$
- **\$2,486 per person net cost** = $\$3,231 - \745 Other resources (M&M&PI)

Existing Expenditures (for 11,783 users excluding wrap-around and collections)

- \$712 per person = local IHS allowance (excludes \$ for wrap-around)
- \$203 per person = expenditures elsewhere in Aberdeen area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$969 per person for OU users** = $\$712 + \$203 + \$54$

LNF Calculation

- **30.0% Gross LNF** = $\$969$ (expenditures) / $\$3,231$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **39.0% Net LNF** = $\$969 / \$2,486$ net cost ($\$3,231 - \745 other)

IHCIF Allocation

- \$6,160,421 = \$ to raise LNF% from 39.0% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$214,875 Allocation** = $\$6,160,421$ needed for 60% * 3.488% IHCIF fraction

RAPID CITY Unmet Needs

- **\$29,295,463 Net Total Need** = 11,783 users * \$2,486 net cost
- **\$17,878,606 Net Unmet Need** = $(100\% - 39.0\% \text{ LNF}) * 11,783 \text{ users} * \$2,486 \text{ net cost}$